

**THE NAVAL SURFACE WARFARE CENTER  
CARDEROCK DIVISION QUALITY PROCEDURES**

Title:	Number: 00-0000-062-01	Revision Number: <b>2</b>	Effective Date: <b>6/15/96</b>
<b>PURCHASING:</b>	Prepared by: <b>R. Seiger</b>	Approved by: <b>Sondra D. Gutkind</b>	Page : <b>1 of 6</b>

## **6.0 PURCHASING**

### **6.1. Purpose**

**6.1.1** The purpose of this procedure is to provide a process for the procurement of supplies/ services, review of contract documents, and selection of contractors.

**6.1.2** Contracting with the United States Government is unique, and the process is dominated by numerous specialized forms and procedures. The rules governing this process are contained in statutes, regulations and decisions, and designed to protect the public's interest, while simultaneously assuring fair treatment to those who deal with the Government. The Federal Acquisition Regulation (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS), and the Navy Acquisition Procedures Supplement (NAPS) are primary sources of policies and procedures.

**6.1.3** Simplified procedures for the acquisition of supplies/services not in excess of \$50,000 have been established to reduce administrative costs and improve opportunities for small business concern to obtain a fair proportion of Government contracts. These Simplified Acquisition Procedures authorize limiting the solicitation of quotations to a reasonable number of sources, permits quotations to be solicited orally, and contain unique methods of procurement, such as purchase orders and blanket purchase agreements.

### **6.2 Responsibilities**

**6.2.1** The contracting officer is responsible for determining the method of procurement and type of contract, solicitation of bids, offers, proposals and/or quotations, selection of the successful offeror, and execution of the resulting contract.

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**6.2.2** The program/project manager is responsible for preparing a complete purchase request. This request shall identify the required supplies/services, and contain a purchase description/specification or statement of work describing minimum, essential design, performance and/or functional requirements. It shall also include any test, inspection or other quality assurance provisions, and/or evaluation criteria or source selection procedures. The request shall contain any other required approvals or documentation, suggested sources, and an independent cost/price estimate.

**6.3 Purchasing Procedure**

**6.3.1** The contracting officer shall review and ensure the adequacy of the purchase request package and determine the most appropriate method of procurement. The contracting officer shall prepare and issue a solicitation. Sources to be solicited shall be obtained from the list of suggested suppliers, bidders lists, sources obtained from prior purchases, or from publicizing the proposed acquisition.

**6.3.2** While Government contracting regulations are designed to provide for procurement on the basis of full and open competition, which means that all responsible sources are given an opportunity to compete, they also contain procedures that provide for procurement on the basis of other than full and open competition.

Circumstances permitting other than full and open competition include where the supplies or services are only available from one source, usual or compelling urgency, national security, etc. A justification containing sufficient facts and rationale to support procurement on the basis of other than full and open competition is required and must be approved prior to the award of any contract.

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- 6.3.3** The contracting officer shall review and evaluate all quotations or offers. Both a cost/price and a technical evaluation are generally performed to assess both the proposal and the offeror's ability as conveyed in the proposal to successfully accomplish the prospective contract. The contracting officer may solicit recommendations from a variety of personnel, such as engineers, legal counsel and auditors on all aspects of the proposals obtained. If necessary, discussions and/or negotiations shall be conducted with offeror(s) that are determined to have a reasonable chance of being selected for award.
- 6.3.4** Based on the nature of the acquisition and its dollar value, each procurement shall be supported by a pre-negotiation and a post-negotiation business clearance that sets forth significant details of the proposed actions. These clearances demonstrate that the procurement reflects sound business practices, complies with all applicable laws, policies, and procedures governing the acquisition process and serves as a historical record of the transaction. A checklist is used to document purchases made under Simplified Acquisition Procedures.
- 6.3.5** In addition to selecting the source whose offer is most advantageous, price and other factors considered, the contracting officer must determine that the prospective offeror has or can obtain adequate financial resources to perform, is able to comply with the required delivery schedule or period of performance, has a satisfactory performance record, has a satisfactory record of integrity and business ethics, has the necessary organization, experience accounting and operational controls and technical skills, including production control and quality assurance procedures, has the necessary equipment and facilities, and is otherwise qualified and eligible under applicable laws and regulations to receive an award. ***The determination of responsibility or nonresponsibility, which may include similar assessments of any subcontractors, must be documented in the contract file, and shall include any supporting reports and documentation. This determination may be made upon the basis of a pre-award survey, records and experience data, both within the contracting***

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***and contract administration offices, the GSA "List of Parties Excluded from Federal Procurement and Nonprocurement Programs," production, personnel, and financial information obtained from the offeror, and other sources, such as publications, financial institutions, business and trade associations, and customers or suppliers of the offeror.***

**6.3.6** Responsibility determinations made under procurements using Simplified Acquisition Procedures may employ The Navy Red/Yellow/Green (RYG) Program. This program classifies a contractor's post quality performance by color to indicate a high (Red), moderate (Yellow) or low (Green) quality risk. These classifications are used to apply a technical evaluation adjustment during source selection.

**6.3.7** The Defense Contract Management Command (DCMC) offices are routinely assigned contract administration responsibilities, which includes ensuring contractor compliance with contractual quality assurance requirements. DCMC offices maintain records, including quality records, on contractors within their geographic area, and are usually contacted for this information when attempting to determine responsibility. In addition, the Navy has established a centralized system that contains quality records known as the Product Deficiency Reporting and Evaluation Program (PDREP). The RYG Program discussed in paragraph **6.3.5 above is an outgrowth of PDREP.**

**6.3.8** Contract documents shall clearly and completely describe the supplies/services to be furnished, as well as any test, inspection, quality assurance and personnel requirements. Contract files are generally retained for a period of six years and three months after final payment is made while files for purchases made under Simplified Acquisition Procedures are retained three years after final payment.

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**6.3.9** Semi-annual reviews of contract actions are conducted to ensure compliance with contracting laws and regulations, as well as all other aspects of the procurement process. Actions are selected at random, although some latitude in the selection criteria is allowed to ensure a suitable cross-section of actions are reviewed. A Quality Assurance Review Team (QART) is established to conduct this review. QART members shall not review work from their own section. Checklists have been developed to reflect the results of the review. Findings are discussed with the cognizant contracting officer, and any systemic problems or deficiencies are forwarded to the Policy and Operational Staff, who will issue a Corrective Action Request (CAR) to provide for the development of recommended remedies, such as revising procedures, training, etc. Records of QART reviews are retained for a three year period.

**6.4    Quality Assurance**

**6.4.1** Quality assurance may be performed at any such time or place as deemed necessary to ensure the supplies or services conform to contract requirements. This includes in-process inspections at the contractor's facility at any time(s) during performance. Contracts may include a requirement for a first article (preproduction model, pilot lot, test samples, etc.) before or in the initial stage of production to ensure compliance with the specifications. Quality assurance inspections conducted at a contractor's facilities are usually accomplished by DCMC offices.

**6.4.2** Supplies or services not conforming in all respects to contract requirements shall be rejected. Ordinarily, contractors shall be given the opportunity to correct or replace non-conforming supplies or services when this can be accomplished within the required delivery or performance schedule. Unless otherwise specified in the contract, this shall be accomplished at no additional cost/notices of rejection shall be promptly issued and include the reason(s) for the rejection.

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**6.4.3** All contracts shall include a termination for default clause giving the Government the right to terminate if the contractor fails to make timely delivery of the supplies or services, fails to perform any other provision, or fails to make progress so as to endanger performance, except if such failure arose out of causes beyond the control and without the fault or negligence of the contractor. If the contract is terminated, the Government has the right, if the supplies or services are will required, to repurchase some or similar supplies or services and demand payment from the terminated contractor for the total amount of any excess cost. This termination clause is not used in purchases made under Simplified Acquisition Procedures unless a bilateral purchase order is issued.

**6.5    References**

None